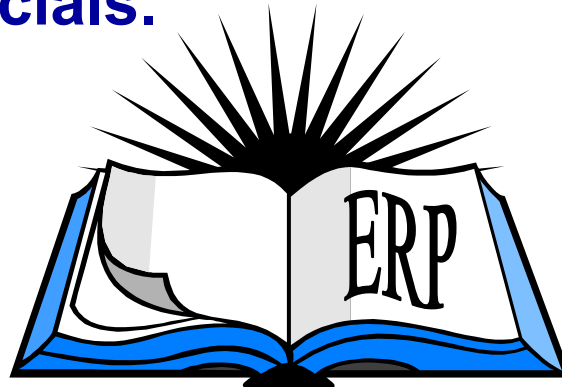# Enterprise Resource Planning

What is ERP?

Enterprise Resource Planning

- **An industry term for a broad set of business process solutions supported by commercial available multi-module software.**

- **Uses an integrated relational database system to help manage the operations of an enterprise, i.e. sales, planning, purchasing, maintenance, inventory control, financials.**
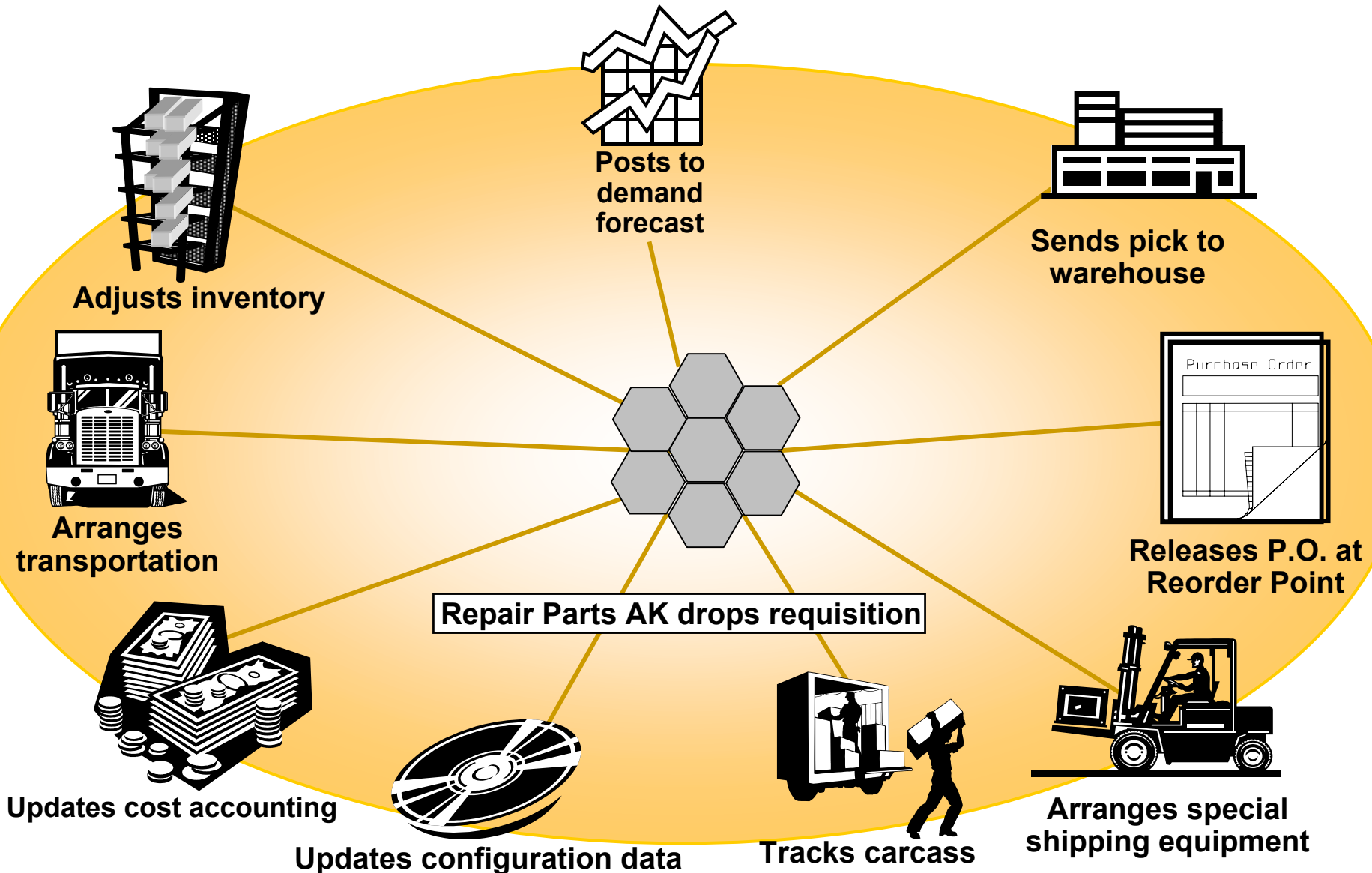
What is ERP?

Enterprise Resource Planning:

- **Shares common data and practices across the enterprise**

- **Provides consistent real-time information for decision making and performance measurement.**

- **Is a key enabler of Business Process Reengineering (BPR), incorporating best practices**

What is ERP? One System - One Database - One Touch

Posts to demand forecast

Sends pick to warehouse

Adjusts inventory

Arranges transportation

Releases P.O. at Reorder Point

Purchase Order

Repair Parts AK drops requisition

Updates cost accounting

Updates configuration data

Tracks carcass

Arranges special shipping equipment

Advantages of ERP

> **ERP is not <u>ONLY</u> about IT or software…**
> **ERP is also about how business is done:**

- ◆ **Modernizes systems and applications**
- ◆ **Establishes common processes**
- ◆ **Establishes single entry – single source**
- ◆ **Enables eBusiness extensions**
- ◆ **Creates paperless work flow through automated financial transactions**
- ◆ **Eliminates need for reconciliation with single database**
- ◆ **Enables financial & cost accounting from same database**
- ◆ **Provides different views of the business with same data:**
    - ◆ *True cost to support discrete weapons systems*
    - ◆ *True cost of O/I/D level maintenance*
    - ◆ *True cost to operate Army*

"The technology revolution has transformed organizations across the private sector, but not ours, not fully, not yet. We are, as they say, tangled in our anchor chain. Our financial systems are decades old. According to some estimates, we cannot track $2.4 trillion in transactions. We cannot share information from floor to floor in this building because it is stored in dozens of technological systems that are inaccessible or incompatible."

Secretary of Defense, 10 Sep 2001

How Did We Get to Here?

Joint Vision 2010

Revolution in Business Affairs

Commercial Best Practices

Defense Logistics Agency **Business System Modernization**

US Navy Systems **Modernization**

Military Sealift Command

AKM Goals
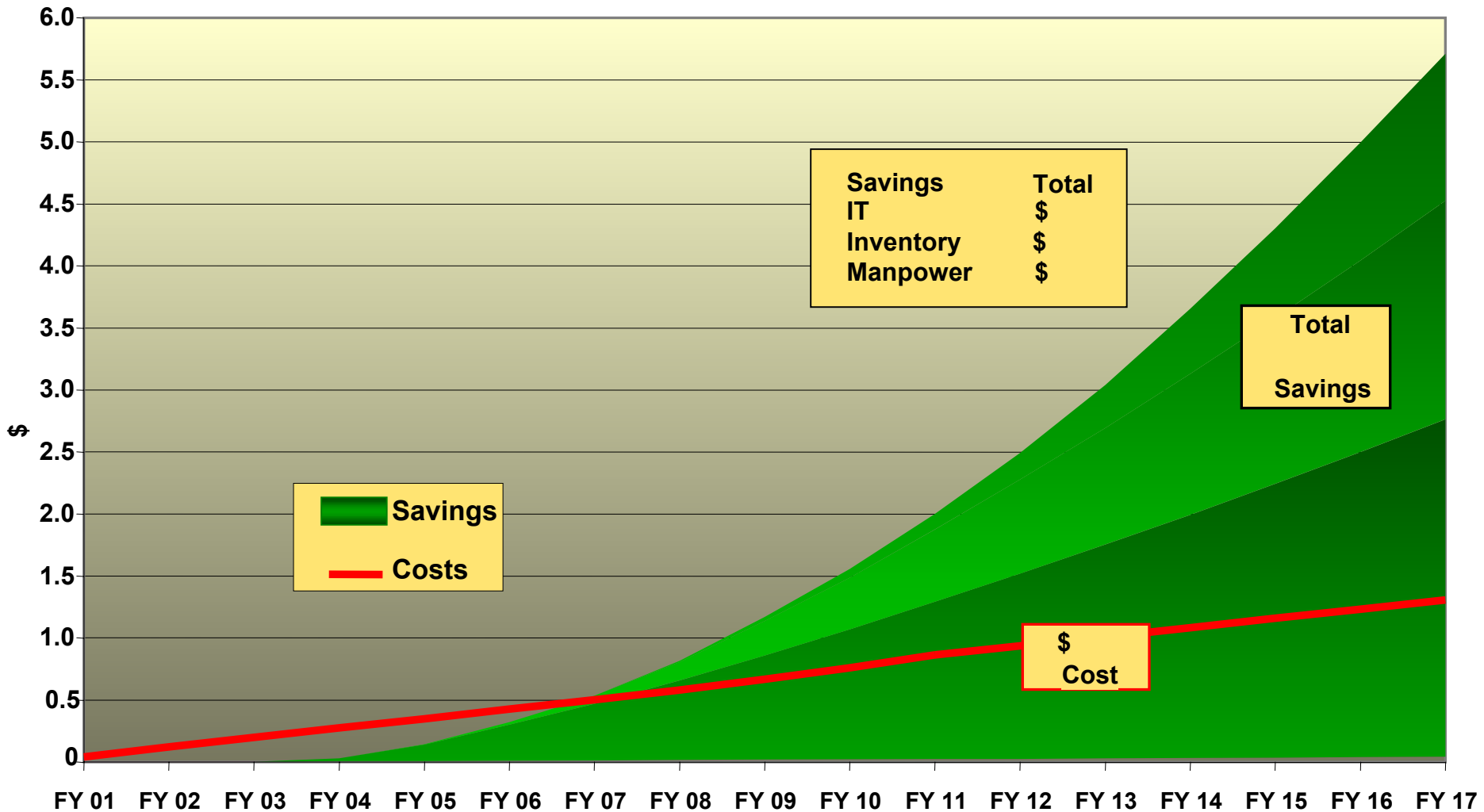
Human Resources DIMHRS DCPDS

AMEDD – Medical Logistics Modernization

Logistics Modernization (GCSS/A & wLMP)

Current ERP initiatives in our Areas of Interest

◆ **DLA is implementing *BSM,* an *SAP*-based ERP (*Business Systems Modernization*).**

◆ **Army *GCSS-A* will adopt a commercial ERP system to cover both wholesale and retail logistics (*Global Combat Support System-Army*).**

◆ **Army *DIMHRS* uses a *People Soft*-based ERP system.**

◆ **DOD Civilian Personnel uses an *Oracle* ERP system.**

◆ **DOD Comptroller has engaged IBM to recommend an ERP approach, with results due within the year.**

◆ **Army TIM is considering an ERP as the framework to support new business rules for base operations.**

◆ **AMEDD, in coordination with DLA, has implemented an *SAP*-based ERP for management and production of medical sets.**

◆ **AMEDD has recommended to DA and to DLA that *BSM* extend into theater level for Class VIII management**

Investment Analysis

DUSA Direction

A meeting will be held by the Deputy Under Secretary of the Army, Mr. McDonald, in September 17, 2002 to establish governance and direction of Army ERP Implementation. DUSA intent is to:

- Establish an Army ERP governance group
- Identify a full-time SES individual to serve as the ERP "czar"
  - Experienced implementing ERP in Private Sector
  - Report directly to Secretary of the Army
- Hire an integrating contractor to assist the ERP "czar" in the planning, implementation, oversight and coordination of ERP solutions.